Looking Ahead to 2015
Virginia General Assembly Session

With Medicaid expansion talks still ongoing, the policy work and budget from the 2014 Legislative Session are not yet complete. VHTA recorded another successful General Assembly Session but much work remains in the days ahead. Legislation that would have established the Virginia Alcoholic Beverage Control Authority now moves into industry focused work groups. VHTA will be a strong participant in these discussions and since we’re here to serve as the voice of the industry, we want to hear from you! VHTA will be hosting an ABC Roadshow to work with regional industry representatives and VHTA members to take comments and help answer questions around the Commonwealth.

Moving into the 2015 General Assembly Session, this regional input will enable VHTA to better serve your direct interests. Next Session is sure to be full of different policy initiatives and among them protecting travel patterns and visitation by maintaining the Post Labor Day School Start Law, increased VTC Funding, and a continued Minimum Wage debate will be top tier priorities for Virginia’s Tourism Industry. If you’re interested in becoming a Virginia travel advocate or learning more about VHTA’s policies and PAC, please contact our office at 804.288.3065.

ONE STRONG VOICE FOR TOURISM
www.vhta.org
2101 Libbie Avenue Richmond, VA 23230
**Mission:**

The Virginia Hospitality and Travel Association is the only unified voice for the restaurant, lodging, travel and hospitality suppliers associations. VHTA creates value for members by promoting the legislative interests of the industry, networking, educational opportunities, and protecting free enterprise.

**Vision:**

VHTA will continue to be the leading advocate unifying the restaurant, lodging, and tourist attraction businesses in Virginia. We will be a professional, purpose driven, results oriented organization, valuing inclusive action reaching our diverse industry. We will embody the hospitality that makes our industry successful. We will be a powerful partner to all business in Virginia, striving to lead the way in the protection of free enterprise and educating membership in best practices.

---

**Other Tourism Legislation of Note**

Highland County TOT (SB573 – Deeds) Passed

*This bill added Highland County to the list of other counties who are able to levy a Transient Occupancy Tax at a rate up to five percent. The bill did not alter the language mandating that any revenue exceeding 2% must be designated for tourism and travel marketing or initiatives that attract travelers and increase tourism revenues in the county.*

Agritourism Activity (SB51 – Stuart) Passed

*This is a bill that would add certain protection for small businesses to continue their tourism activities unless it interferes with the health, safety or welfare of the public. The bill establishes certain definitions and regulations that govern Agritourism activity. Please contact Kristian@vhta.org if you’d like to learn more.*

Baseball stadium (SB579 – Stuart) Passed

*This bill clarifies tax collection at baseball stadiums and establishes that all such sales tax revenues shall be applied solely to repayment of the bonds issued to pay the cost, or portion thereof, of the municipality-owned component of the sports complex.*

Kayaking legislation (SB629 – Marsden) Failed

*If passed, this legislation would have granted greater access to kayakers who are passing through waters held on private properties around the Commonwealth. It would have kept kayakers from being liable for civil or criminal trespass while leaving the existing ownership rights in real property unchanged.*

Conservators of the Peace (SB495 – Norment) Failed

*This legislation was an effort to better establish the role of non-police entities called Conservators of the Peace by defining their duties more clearly. This bill was carried over in Militia, Police and Public Safety until 2015.*

Virginia Racing Commission moved to (HB 1074 – Scott) Passed

*This bill transfers responsibility for the Virginia Racing Commission to the Secretary of Agriculture and Forestry. Currently, the Virginia Racing Commission is under the authority of the Secretary of Commerce and Trade.*
Patent trolls are companies that seek to profit through claims of ownership of patents related to common business tools and practices. Often, their initial demands are for a one-time fee or settlement, which frequently is less costly for a business than challenging the claim. The number of lawsuits brought by patent trolls has risen dramatically in the past two years, increasing from 29 percent to 62 percent of all patent infringement lawsuits, according to a 2013 White House report. The report estimated that patent trolls threatened more than 100,000 companies with infringement suits last year.

VHTA asks that you support measures to provide a path of civil recourse for small businesses suffering from this damaging and costly litigation by establishing in Virginia code a bad faith assertion definition. (Patent infringement: HB375 – O’Quinn: passed; Patent infringement: SB150 – Stuart: passed)

The November election cycled ushered in a new administration and with Governor McAuliffe’s January 11th Inauguration the transition was complete. The 2014 General Assembly was a long Session with 60 days of activity which saw both perennial bills being presented as well as new policy concepts introduced and concluded with a budget impasse over Medicaid expansion that continues to be debated. Governor McAuliffe called for a Special Session on March 24th to continue the conversation around the budget process, though the policy debate is likely to continue well past the April 23rd Veto Session.

During this Session the VHTA Governmental Affairs Team focused on protecting Virginia’s School Start Laws, advancing VHTA’s ABC policy agenda, along with enhancing VTC’s ability to attract new business and visitors through film & marketing efforts. VHTA has a longstanding tradition of successfully protecting the interests of the tourism industry and the 2014 General Assembly Session added to that exemplary legacy.
VHTA helps to host and facilitate the General Assembly Tourism Caucus meetings. The Tourism Caucus is made up of legislators with four leadership positions. The meetings are held every other Friday throughout Session beginning on Jan. 10th–March 7th. Each meeting highlights an industry segment that helps make up the larger Tourism community in the Commonwealth. These meetings serve as an educational resource to help expand the understanding and advocacy efforts of the tourism industry and members of the Virginia General Assembly.

“To create a unified vision for tourism in Virginia, and to support the Virginia tourism industry through targeted state investment and demonstrated programs that lead to job creation, greater economic opportunities and enhanced quality of life in Virginia.”

Delegate Mark Keam quoting the Tourism Caucus mission statement that was created in 2012.

Economists continue to affirm the job-killing nature of mandatory wage increases: mandatory minimum-wage increases end up reducing employment levels for those people with the lowest skills. Raising the minimum wage disproportionally hits small businesses. Restaurants are a critical provider of employment to millions of individuals. They are labor-intensive businesses that already devote about 1/3 of their sales to wages and benefits. Pre-tax profit margins for restaurants typically range from 3% to 5%.

National Restaurant Association research shows that the national median hourly earnings for servers range from $16 to $22. This includes median tip earnings of $12 to $17 an hour, plus a median employer-paid wage of $4 to $5 an hour. Many restaurateurs would be forced to limit hiring, increase prices, cut employee hours or implement a combination of all three to pay for the wage increase. According to National Restaurant Association research, 58 percent of restaurant operators increased menu prices and 41 percent reduced employee hours following the 2007 minimum wage increase.

354,900 Virginians

In 2014 restaurants account for 354,900 jobs in Virginia - 9% of employment in the state. - NRA

1.8 MILLION+

Employed by hotel properties within the travel & tourism industry in the state of Virginia. - AH&LA

VHTA continues to work to oppose job killing minimum wage measures and promote job creating opportunities in the Commonwealth. (Increases minimum wage to $8.50 per hour: HB 32 – Morrissey: failed; Increases minimum wage to $8.25 per hour: HB 536 – Plum: failed; Increases minimum wage to $8.25 per hour: SB 590 – Marsden: failed)
This year, as in previous years, there will be bills introduced that would ban plastic bags or charge a fee to the consumer for each plastic bag. VHTA opposes a ban or fee on plastic bags as it adds an unnecessary administrative burden to businesses.

VHTA opposed the imposition of unnecessary and burdensome taxes and encourages recycling programs as an alternative solution. (Local paper and plastic bag tax: SB 320 – Ebbin: failed; Local paper and plastic bag tax: HB117 – Morrissey: failed)

VHTA supported Delegate Hugo’s attempt to reform workers compensation. The proposed legislation would have established a fee schedule for medical care services, capped cost growth to inflation at a no more than 3% a year, established a one year look back period and established the prompt payment of bills. Additionally, the Workers’ Compensation Commission would have been directed to have an independent, peer-reviewed study conducted every two years.

VHTA continues to urge for the passage of sound policy reforms to the current workers compensation commission. (Workers compensation reform: HB 946 – Hugo: failed)

TOURISM CAUCUS CHAIRS

Delegate Mark Keam, 35th District (D)

Delegate Ron Villanueva, 21st District (R)

Senator Bill Stanley, 20th District (R)

Senator Lynwood Lewis, 6th District (D)
Labor Day continues to be one of the top legislative priorities for the tourism industry. Independent empirical analysis continues to confirm the devastating impact a full repeal will have on travel patterns, economic contributions and job opportunities in the Commonwealth. While the economic impact is known, school calendar flexibility is not proven to create an increase in academic achievement. Schools are required to be in session 180 days regardless of the start date. During the 2014 Session, there was a 50% reduction in the amount of proposed legislation to repeal Virginia’s current laws.


1) **Full Labor Day repeal**: HB333 – Greason: failed; Legislation that would repeal the current Post Labor Day School Start Law

2) **Repeal for certain schools**: HB577 – Stolle: failed; Legislation to allow start date exemption for all schools that have failed to reach full accreditation status

3) **Labor Day repeal with mandated holiday**: HB610 – Robinson: failed; Legislation that would have repealed the current law and mandated that Labor Day be a 5 day holiday in the Commonwealth

4) **ABC Penalties**: Create or enhance ABC penalties for local tax delinquency; local penalties for underage sales, and MBAR violations.

   VHTA worked with stakeholders throughout 2013 to create and establish an administrative schedule of penalties for MBAR violators. A compromise was not able to be reached after numerous good faith attempts. VHTA maintains its position that the ABC board should have discretion when responding to aggravated or extenuating circumstances. (VHTA compromise, tax delinquency: HB 283 – Albo: passed; Restrictions on alcohol to underage persons: HB 602 – Head: failed; VHTA compromise, MBAR ratio penalty increase: HB 1152 – Albo: failed; New MBAR ratio language: SB 642 – McEachin: failed)

5) **Sale of Cider**: Allows cider to be sold in any size container including growlers and kegs.

   VHTA supports the ability for cider to be sold in equitable containers. VHTA actively worked to help craft ABC regulations that were fair and balanced. This legislation would conform the laws pertaining to cider in uniformity to current regulations. (Sale of Cider: HB 682 – Carr: passed)

6) **ABC Budget Language**:

   In the final days of the 2014 Session, Senate Public Safety budget language was introduced that would have an adverse effect on Virginia’s restaurant industry. VHTA attempted to work with the other side on this issue. A compromise was not reached with opposition, final language pending budget. VHTA has worked to remove any burdensome policy language from the budget process altogether. (Final language pending Budget approval)
1) **ABC Re-Structuring**: A Carry-Over Study of Creating an ABC Authority in place of the current ABC Board and multiple bills to merge ABC enforcement with State Police and/or eliminate full time ABC Commissioners.

*VHTA actively monitored this legislation and looks forward to being closely involved with industry workgroup sessions taking place this summer.* *(Virginia Alcoholic Beverage Control Authority: HB 216 – Albo: failed; Task Force to study issue; ABC enforcement by Department of State Police: HB 981 – Cline: failed; JLARC to study reorganizing functions under Virginia State Police: HJR 26 – Landes: failed; Law-enforcement consolidation plan: SB 258 – Deeds: failed; Composition of ABC board: SB 307 – Deeds: failed)*

2) **Creation of “new” ABC Licenses & privileges**: create new licenses and license privileges relating to art instruction studio license, trolley pub license, art exhibition & education license, gourmet brewing shop tastings, annual arts venue license, gift shop tastings, farm brewery license, and limited mixed beverage license privileges.


3) **Authorizing Wine Dinners**: Allow wine wholesalers, importers and other representatives of wineries to provide information relating to their wine products at educational dinners conducted at licensed restaurants.

*VHTA supports efforts to expand the information made available to consumers and encourages participation from other alcohol representatives.* *(Wine dinner consumer information: HB 270 – Bulova: passed; Wine dinner consumer information SB 224 – Petersen: incorporated into SB337: passed; Wine dinner consumer information: SB 300 – Ebbin: incorporated into SB337: passed; Wine dinner consumer information: SB 337 – McWaters: passed)*

---

**2014 FACTS**

Legislation was introduced that would mandate that epinephrine be stocked and maintained on site at all restaurants in the Commonwealth. Further, all restaurant professionals would be required to undergo and maintain proper training on epinephrine administration for use on the public.

*(Epinephrine mandate: SB635 – Hanger: failed; Epinephrine mandate: HB352 – O’Bannon: failed; Task Force to study the issue)*

**14,251 Locations**

In 2012, there were 14,251 eating and drinking places in Virginia.

**$14.3 billion in Sales**

In 2014, Virginia’s restaurants are projected to register $14.3 billion in sales.

**354,900 Virginians**

In 2014, restaurants account for 354,900 jobs in Virginia — 9% of employment in the state.

**Every $1 Million spent ...**

in Virginia’s restaurants generates an additional 23.5 jobs in the state.

**Every $1 spent ...**

in Virginia’s restaurants generates an additional $.93 in sales for the state economy.

**And In 2024 ...**

Restaurants in Virginia are projected to employ 388,000 people. (9.3% job growth over 2014)
VHTA asks that you join us in supporting the additional film incentive and tourism funding to ensure a strong and vibrant tourism economy in the Commonwealth. This included supporting VTC funding included in Governor McDonnell’s budget as well as film incentive tax credits (Motion picture tax credit: SB46 – Watkins: passed; and Motion picture tax credit HB460 – Kilgore: passed; VTC budget language included in final budget – pending).

Governor McDonnell included $1.4 million in his budget for Virginia Tourism broadcast advertising and electronic marketing and initiatives and an additional $1.75 million for film office funding.

This additional funding enables Virginia Tourism Corporation to reach into expensive out of state markets in neighboring North Carolina and the Washington D.C. area. Research shows that a large segment of Virginia’s visitation comes from these neighboring areas, and strategic marketing results in increased visitation rates for the Commonwealth. This is especially important and timely as the US hotel market overall is up 5.4% in RevPAR rates; however the Virginia market is down 2.4% year end for 2013. Government gridlock and the impacts of sequestration have a significantly